

Executive Registry

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Mr. Willard Garvey/
352 North Broadway
Wichita 2, Kansas

Dear Mr. Garvey:

During the absence of Mr. Dulles, I should like to acknowledge and thank you for your letter of 5 September and the enclosure.

I read with keen interest your ideas for fighting Communist economic subversion as set forth in your testimony before the Foreign Economic Practices Committee of the Business Advisory Council. Your idea of "making every man a Capitalist" through ownership of his own home is a bold and challenging concept that should be examined by those governmental and private groups concerned with the U. S. response to the Communist economic subversion threat.

The technical problems involved in implementing your proposed pilot plan would be very complex, and, of course, are outside the direct responsibilities of this organization. They would require, I believe, careful review by and continuing coordination among several U. S. departments and agencies including the Department of State and the International Cooperation Administration.

When Mr. Dulles returns to his office, I shall bring your letter to his attention.

Sincerely,

[Signature]

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Executive Officer

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CENTRAL INTELLIGENCE AGENCY

WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

Mr. Willard Garvey
 352 North Broadway
 Wichita 2, Kansas

Dear Mr. Garvey:

During the absence of Mr. Dulles, your letter of September 5, 1958 to him has been referred to me. I read with keen interest your ideas for fighting Communist economic subversion as set forth in your testimony before the Foreign Economic Practices Committee of the Business Advisory Council.

I believe that your idea of "making every man a Capitalist" through ownership of his own home is a bold and challenging concept that should be examined by those governmental and private groups concerned with the U.S. response to the Communist economic subversion threat.

As you know, an exhaustive study of counterpart, PL 480, and other such funds was conducted in 1957 by the Foreign Currency Consultants to ICA (a group including Henry P. Bristol of Bristol-Myer and Jack I. Straus of Macy's). Your ideas would appear to deserve serious consideration within the perspective gained by this study which is now in draft and soon to be circulated within government.

The technical problems involved in implementing your proposed pilot plan would be very complex, and, of course, are outside the direct responsibilities of this organization. They would require, I believe, careful review by and continuing coordination among several U.S. departments and agencies including the Department of State and the International Cooperation Administration.

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Thank you for informing the Director and me of your interesting proposals. I am sure that your meeting with Dr. Eisenhower will be mutually rewarding.

Sincerely,

C. E. Cabell
General, USAF
Acting Director

cc: DDCI

Signature Recommended:

[REDACTED]
Deputy Director (Plans)

DDP/PP/EAD/[REDACTED]

[REDACTED]
Chief, PP/EAD

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BUILDERS, INC.



DERBY BUILDING
352 NORTH BROADWAY

PHONE FOREST 3-1161
WICHITA 2, KANSAS

September 5, 1958

Mr. Allen W. Dulles
Central Intelligence Agency
2330 E. St., N. W.
Washington, D. C.

In ICA Staff Memorandum of July 7 you state "...It is most probable that the fateful battles of the cold war will, in the foreseeable future, be fought in the economic and subversive area."

Many of us agree with you. Attached is my idea on how we might corrupt Communism -- "subversion in reverse."

On September 16th, Tom Stephens has arranged a meeting for us with Dr. Milton Eisenhower and two of the President's advisors to discuss how housing might possibly be harnessed under a Latin American policy.

Any suggestions or comments you might have that I could use in that meeting would be very much appreciated.

With best wishes,

Willard Garvey

WG:mb
Encl.

TALK PRESENTED BY WILLIAM GRAHAM, ROBERT MARTIN AND WILLIARD GARVEY TO THE COMMITTEE ON FOREIGN ECONOMIC PRACTICES OF THE BUSINESS ADVISORY COMMITTEE IN WASHINGTON, D. C.

August 28, 1958

MEMBERS OF COMMITTEE:

- | | |
|---|--|
| 1. Harold Boeschenstein (Chairman of Committee)
President, Owens-Corning Fiberglas Corp. | 6. H. C. Alexander, Chairman
J. P. Morgan & Co. |
| 2. S. C. Allyn, Chairman
National Cash Register Co. | 7. S. D. Bechtel, President
Bechtel Corp. |
| 3. Frank Stanton, President
Columbia Broadcasting System | 8. Eugene Holman, Chairman
Standard Oil Co. |
| 4. A. T. Taylor, Chairman
International Packers, Ltd. | 9. Edwin Feltis, Chairman
Standard Oil Co. (Calif.) |
| 5. Paul Reed
General Electric Co. | |

ADVISORS TO COMMITTEE:

Herbert Hoover, Jr.
Consulting Engineer

J. T. Trippe, President
Pan American World Airways

F. V. Houser, Director
Sears, Roebuck & Co.

L. D. Welch, Vice President
Standard Oil Co. (N.J.)

F. M. Eaton, Legal Counsel to Committee
Of Shearman & Sterling & Wright

J. L. Simpson, Chairman, Fin. Com.
Bechtel Corp.

I am here for two reasons. First to help if I can Private Enterprise, Inc. get government clearance. Second, to help, if I can, your committee explore its broader charge to come up with a Marshall Plan or better.

I am Willard Garvey of Wichita, Kansas, and we have built approximately 5,000 homes since 1941. We are in the large scale wheat farming business, large scale grain elevators, and are in oil.

Less than 5% of my income, but my major interest, is in housing. I have observed over the years that when you put a man in a home of his own you make him a capitalist: (1) Economically; (2) Politically; (3) Socially-morally; (4) Creatively; and (5) Ideologically. You build an iron curtain between him and collectivists of all shades. This is my basic theme and I could speak for five minutes or five hours depending on your time.

This could be the "big idea" your committee seeks to combat Khrushchev's cold war and his announced intention to "make every man a communist."

Our aim should be to make "Every Man a Capitalist." As far as I know we have never yet declared this single simple intention. The only essential difference between capitalism and collectivism stems from the fact that capitalism advocates private property while the collectivism advocates state ownership.

We should pick the battleground. We are strong in two areas; (1) food, indicated by our 7 billion dollars worth of agricultural surpluses, and (2) housing, where we have produced a million and a half private homes per year and have over 20,000 active builders.

Food and housing is Russia's vacuum. Lets hit them where they live, housing and food.

Why can't we use our 7 billion dollars worth of food surplus which is lying idle? lend it to underdeveloped countries on a long term low interest repayment plan similar to Public Law 480. Use the proceeds as long term mortgage financing on low cost privately owned homes of perhaps \$1,000.00 each or less.

In June one of the men who went around the world on Private Enterprise, Inc. was invited by the President to visit. After this visit we prepared a one page summary on housing which was sent for study.

About a week later we were invited, purely coincidentally, to Nicaragua by a man who said he was purchasing agent for the President of Nicaragua. He said the President of Nicaragua wanted 7,000 low cost privately owned houses to be built by private builders.

My attorney and I visited Managua, and found that the Nicaraguan government would provide the land and the utilities. Our U. S. Ambassador stated before we could that "if you put a man in a home you make a little capitalist out of him." Further, he had 500 self-help ICA houses approved and ready to be built for \$1,000.00 per unit. One of his aides had conducted a survey which showed 5,000 housing units costing \$1,000.00 or less could be built and sold each year. 80% of the population could purchase such houses provided there was a reasonable interest rate. A Nicaraguan builder was building \$1,000.00 houses for cash or \$3,000.00 on credit. I built some \$350.00 houses in 1941.

We found the Private Enterprise, Inc. formula (a partnership with a buy-out provision) could be applied using Nicaraguan contractors, mortgage bank facilities, material suppliers and the like. The only ingredient missing was long term low interest mortgage money. Nicaragua uses about two million dollars worth of wheat each year. We feel you could double wheat consumption if it were available on terms, along the Public Law 480 lines. A 5 year program could produce a permanent "revolving fund" to build 5,000 homes every year. Private builders could build these. The buyers could repay the mortgage loans and in turn the wheat "loans."

My first recommendation then is that up to five million dollars worth of surplus agricultural commodities be allotted to Nicaragua. These funds are to be earmarked for private builders to build 5,000 \$1000.00 private homes.

Next let us view Puerto Rico. Puerto Rico I am told is an example of outstanding success in home building. Yet in Washington you can find this information only in the files of the Puerto Rican Commonwealth offices. Why do we hide our successes?

In ten years approximately 200,000 private homes have been built in this country of 2,200,000 people. I am told that a \$200,000.00 Savings & Loan capitalized 10 years ago is now worth \$50 million dollars. They have FHA plans, tax encouragement, and other devices available to copy if we wish.

My second recommendation then is to study the Puerto Rican formula, copy it and advertise it.

I understand that Cooley funds uncommitted in countries such as Mexico, Turkey, Pakistan, India, etc., amount to \$89 million dollars through fiscal 1958.

3.

My third recommendation is that the ambassadors of countries that have unused Cooley funds conduct a survey as was done by the ambassador of Nicaragua. Find out how many homes are needed and what price the individuals can pay for these homes in each such country.

Also find whether the government of those countries will cooperate to the extent of providing land and utilities, collecting property taxes to cover this expense.

After these surveys have been conducted, earmark these funds for housing, then encourage private builders to build the projects.

SUMMARY:

1. We ask that you help Graham and Martin get Private Enterprise, Inc. approved through channels and help them on their way to provide a pilot plan that others copy.

2. Concentrate on helping produce low cost private housing:

a. In Nicaragua by lending up to \$5,000,000.00 worth of wheat to begin a 5 year housing program.

b. Study Puerto Rico, copy and advertise its success.

c. Use Cooley funds that have not been committed for housing. First get a survey from the Ambassador in those countries as to how much housing is needed and can be justified. Base this on ability to buy, not what we "would like" to build. Second, ask private builders to do the job once the funds have been earmarked and the survey completed.

d. Finally consider the broader goal of "Every Man A Capitalist." Make every man a property owner as our cold war goal. Home ownership is our best chance.

If the President will simply set such a goal, then United States private enterprise coupled with government cooperation will get the job done. It can do much to solve four major problems; (1) Give us a positive concrete foreign policy with impact -- "you can count 'em"; (2) Give us additional markets for our agricultural surpluses; (3) Raise world standards of living, create cottage industry, and eventually provide an outlet for our capital goods to relieve our recession-inflation; (4) Help to stabilize countries, so we can reduce our 80 billion dollar budget and 285 billion dollar deficit.